

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2000-605-E - ORDER NO. 2001-036

JANUARY 10, 2001

IN RE: Application of Duke Energy Corporation for)	ORDER APPROVING
Authorization under Article 13, Chapter 27 of)	APPLICATION TO ISSUE
Title 58 of the Code of Laws of South)	ADDITIONAL SHARES
Carolina, 1976 to Issue Securities (Common)	
Stock))	

On December 20, 2000, Duke Energy Corporation (the "Company") filed an application (the "Application") with the Public Service Commission of South Carolina (the "Commission") for authorization to issue a maximum of 402,000,000 additional shares of its Common Stock (the "Proposed Stock"), pursuant to a two-for-one stock split (i.e., one additional share for each share outstanding), including shares reserved for issuance under various stock plans, in the manner described in the Application. Based on the verified Application and the Commission's entire files and records in this matter, the Commission now makes the following:

FINDINGS OF FACT

1. The Company is a corporation duly organized and existing under the laws of the State of North Carolina. It is duly authorized by its Articles of Incorporation to engage in the business of generating, transmitting, distributing and selling electric power and energy, and in the business of operating water supply systems. It is duly domesticated in the State of South Carolina and is authorized to conduct and carry on business in this State, and is conducting and carrying on the businesses above mentioned

in each of said States. It is a public utility under the laws of this State and in its operations in this State are subject to the jurisdiction of this Commission. It is also a public utility under the laws of the State of North Carolina and in its operations in that State are subject to the jurisdiction of the North Carolina Utilities Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. In addition, the Company, through its subsidiaries and affiliates, engages in a broad range of energy-related businesses throughout the United States and the world.

2. The Company proposes, pursuant to its application in this Docket, to issue a maximum of 402,000,000 additional shares of its Common Stock for the purposes of effecting a two-for-one split of its existing Common Stock as well as reserve for issuance of additional shares of Common Stock to match those reserved for issuance under the Company's various stock plans, including, without limitation, the InvestorDirect Choice Plan, the Retirement Savings Plan, the 1996 Stock Incentive Plan, the 1998 Long-Term Incentive Plan, the Directors Savings Plan and the Rights Agreement relating to Preference Stock Purchase Rights. The Company has declared that the record date for the stock split will be January 3, 2001, and that the distribution date for the additional shares will be January 26, 2001. In its declaration of the stock split on December 20, 2000, the Company's Board of Directors stated that consummation of the split was conditioned upon the approval of this Commission and the North Carolina Utilities Commission. The cost of this transaction, which is estimated at \$350,000, will be

charged to retained earnings and, consequently, will not affect the Company's current operating costs.

3. The Company is advised and believes that the proposed stock split, and the accompanying anticipated reduction in the market price per share of the Common Stock, are in its best interest as well as those of its shareholders. The Company expects that the transaction will contribute to an increase in and broadening of the shareholder base and should improve affordability of the Common Stock for small investors.

4. The holders of the Common Stock have exclusive voting rights (except under certain circumstances when the Company's obligations to its Preferred and Preference stocks may be in arrears or as otherwise provided by law) on the basis of one vote per share. The Common Stock has no preemptive or conversion rights and there are no redemptive or sinking fund provisions applicable thereto. The outstanding Common Stock is, and the additional Common Stock issuable pursuant to the stock split will be, listed on the New York Stock Exchange. As contemplated by the Commission's order in Docket No. 1999-011-E, each share of Common Stock outstanding includes a Preference Stock Purchase Right under the Company's Rights Agreement. After the stock split, as contemplated in the Rights Agreement, each of such rights will be divided so that each share of Common Stock outstanding will include one-half of one right.

CONCLUSIONS

Upon review and study of the verified Application, its supporting data and other information in the Commission's files, the Commission is of the opinion, and so finds, that the Company is a public utility subject to the jurisdiction of this Commission with

respect to its rates, service, and securities issues and that the issuance of the Proposed Stock, as set forth in the Company's Application, are:

- a) For lawful objects within the corporate purposes of the Company;
- b) Compatible with the public interest;
- c) Necessary and appropriate for and consistent with the proper performance by the Company of its service to the public and will not impair its ability to perform that service; and
- d) Reasonably necessary and appropriate for such purposes.

IT IS, THEREFORE, ORDERED:

1. That Duke Energy Corporation be, and it is hereby, authorized, empowered, and permitted, in the manner and upon the terms and conditions set forth in the Application, to issue a maximum of 402,000,000 shares of its Common Stock for the purpose of effecting a two-for-one split of its outstanding Common Stock as well as reserve for issuance of additional shares of the Proposed Stock to match those reserved for issuance under the Company's stock plans.

2. That the Company report to the Commission, within thirty (30) days after the consummation of its two-for-one stock split, details of the transaction including the number of additional shares issued and the number reserved for future issuance pursuant to the Company's stock plans.

3. That this proceeding be and the same is continued on the docket of the Commission, without delay, for the purpose of receiving the report as hereinabove

provided and nothing in this order shall be construed to deprive the Commission of its regulatory authority under law.

4. Approval of this Application does not bind the Commission as to the ratemaking treatment of the contemplated issuances.

5. This Order shall not, in any way, affect or limit the right, duty, or jurisdiction of the Commission to further investigate and order revisions, modifications, or changes with respect to any provision of this Order in accordance with the law.

6. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)